

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Financial Statements

March 31, 2018



L. BOURQUE & ASSOCIATES P. C. INC.

CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

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L. BOURQUE & ASSOCIATES P. C. INC.

CHARTERED PROFESSIONAL ACCOUNTANTS | COMPTABLES PROFESSIONNELS AGRÉÉS

INDEPENDENT AUDITOR'S REPORT

To the Directors of Dr. Georges-L.-Dumont Hospital Foundation Inc.

We have audited the accompanying financial statements of Dr. Georges-L.-Dumont Hospital Foundation Inc., which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Dr. Georges-L.-Dumont Hospital Foundation Inc. derives revenue from donations of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Dr. Georges-L.-Dumont Hospital Foundation Inc. Therefore, we were not able to determine whether any adjustments might be necessary to recorded contributions, the excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017, and net assets as at April 1 and March 31 for both the 2018 and 2017 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements present fairly, in all material respects, the financial position of the Dr. Georges-L.-Dumont Hospital Foundation Inc., as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

L. Bourque + Associates P.C. Inc.

Chartered Professional Accountants
June 26, 2018
Dieppe, NB

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Statement of Operations

Year ended March 31,

2018

2017

Revenues

Specific activities	\$ 2,371,255	\$ 2,078,823
Other donations	1,101,846	1,064,273
Investment income	55,440	67,442
	<hr/>	<hr/>
	3,528,541	3,210,538

Expenses

Specific activities	599,760	556,779
Administration		
Salaries and benefits	448,425	482,217
Administrative expenses	92,852	119,984
Advertising and promotion	43,751	57,285
Office supplies and stationery	13,286	14,175
Travel expenses	1,140	2,253
Amortization of capital assets	2,592	2,079
	<hr/>	<hr/>
	1,201,806	1,234,772

Excess of revenues over expenses before contributions

2,326,735 **1,975,766****Contributions**

Vitalité Health Network - Zone Beauséjour	901,374	809,319
Atlantic Cancer Research Institute Inc.	624,113	810,376
	<hr/>	<hr/>
	1,525,487	1,619,695

Excess of revenues over expenses

\$ 801,248 **\$ 356,071**

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.
Statement of Changes in Net Assets
Year ended March 31, 2018

					2018	2017
	Invested in capital assets	Internally restricted	Externally restricted	Unrestricted	Total	Total
Balance, beginning of year	\$ 8,317	\$ 3,641,349	\$ 1,045,095	\$ -	\$ 4,694,761	\$ 4,338,690
Excess of revenues over expenses	-	-	-	801,248	801,248	356,071
Net appropriations - internally restricted	-	631,458	-	(631,458)	-	-
Net appropriations - externally restricted	-	-	166,389	(166,389)	-	-
Amortization of capital assets	(2,592)	-	-	2,592	-	-
Acquisition of capital assets	32,121	-	-	(32,121)	-	-
Contributions	(26,128)	-	-	26,128	-	-
Balance, end of year	\$ 11,718	\$ 4,272,807	\$ 1,211,484	\$ -	\$ 5,496,009	\$ 4,694,761

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Statement of Financial Position

March 31,

2018

2017

ASSETS

Current assets

Cash	\$ 4,235,660	\$ 3,659,318
Accounts receivable	86,886	161,780
Accrued interest	5,915	5,385
Prepaid expenses	18,388	57,787
Current portion of investments (note 3)	288,234	283,899

4,635,083 **4,168,169**

Investments (note 3)

1,422,855 **1,344,426**

Capital assets (note 4)

11,718 **8,317**

\$ 6,069,656 **\$ 5,520,912**

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 573,647	\$ 743,810
Deferred contributions	-	82,341

573,647 **826,151**

NET ASSETS

Invested in capital assets	11,718	8,317
Externally restricted	1,211,484	1,045,095
Internally restricted	4,272,807	3,641,349

5,496,009 **4,694,761**

\$ 6,069,656 **\$ 5,520,912**

Commitments (note 5)

ON BEHALF OF THE BOARD OF DIRECTORS

_____, Director

_____, Director

DR. GEORGES-L. DUMONT HOSPITAL FOUNDATION INC.

Statement of Cash Flows

Year ended March 31,

2018**2017**

Cash flows from operating activities

Excess of revenues over expenses

\$ **801,248** \$ **356,071**

Non-cash items:

Amortization of capital assets

2,592 **2,079****803,840** **358,150**

Net change in non-cash working capital:

Accounts receivable

74,894 **358,565**

Accrued interest

(530) **2,864**

Prepaid expenses

39,399 **4,623**

Accounts payable and accrued liabilities

(170,163) **75,044**

Deferred contributions

(82,341) **75,572****665,099** **874,818****Cash flows from investing activities**

Net change in investments

(82,764) **(42,226)**

Acquisition of capital assets

(32,121) **(2,967)**

Deferred contributions

26,128 **88,872****(88,757)** **43,679****Increase in cash and cash equivalents****576,342** **918,497****Cash and cash equivalents, beginning of year****3,659,318** **2,740,821****Cash and cash equivalents, end of year****\$ 4,235,660** **\$ 3,659,318****Comprised of:**

Cash

\$ 4,235,660 **\$ 3,659,318**

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2018

1. Statutes of Incorporation and nature of activities

Dr. Georges-L.-Dumont Hospital Foundation Inc. (the Foundation) is incorporated as a not-for-profit whose mission is to support the development of the Dr. Georges-L.-Dumont Regional Hospital and its partners to enhance health care services. The Foundation is a registered charity under the *Income Tax Act*.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Fund accounting

Externally restricted net assets represent resources contributed for specific purposes.

Internally restricted net assets represent resources that have been allocated for specific purposes by the Board of Directors of the Foundation.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets in the year.

Contributed services

The Foundation would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Because of the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Capital assets

Capital assets are recorded at cost. Amortization is based on their estimated useful life using the following methods and rates:

	<u>Method</u>	<u>Rate</u>
Office furniture	Declining balance	20% to 55%
Improvements to office space	Straight-line	5 years

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)**Deferred contributions**

Capital asset contributions are accounted for as deferred contributions and amortized on the same basis as the related capital assets.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, trade and other receivables.

Financial liabilities measured at amortized cost include trade accounts payable and accrued liabilities.

The Foundation's financial assets measured at fair value include quoted shares and fixed income securities.

Cash and cash equivalents

The Foundation's policy is to present bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn.

3. Investments

	<u>2018</u>	<u>2017</u>
Cash	\$ 16,879	\$ 108,225
Fixed income securities, 1.88% to 7.30%, maturing October 2018 to May 2047, measured at fair value	1,563,264	1,427,149
Quoted shares measured at fair value	130,946	92,951
	<u>1,711,089</u>	<u>1,628,325</u>
Current portion	288,234	283,899
	<u>\$ 1,422,855</u>	<u>\$ 1,344,426</u>

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2018

4. Capital assets	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office furniture	\$ 48,379	\$ 40,363	\$ 8,016	\$ 8,317
Improvements to office space	119,113	411	118,702	88,872
	167,492	40,774	126,718	97,189
Deferred contributions	(115,000)	-	(115,000)	(88,872)
Total capital assets	\$ 52,492	\$ 40,774	\$ 11,718	\$ 8,317

5. Commitments

As of March 31, 2018, the Foundation is committed to contribute a total of \$5,487,999 of which \$5,302,999 is to the Regional Health Authority A Zone 1B, \$160,000 to Services Palliatifs Communautaires Beauséjour Inc. and \$25,000 to Fondation Stella Maris. The amount of \$ 5,487,999 is not due to be paid out completely in the next fiscal year, but rather it will be disbursed as the projects are finalized or as the allocated funds are required by the Hospital.

6. Allocation of expenses

The Foundation attributes salaries and benefits based on time allocated to specific activities.

Salaries and benefits have been allocated as follows:

	2018	2017
Administration	\$ 448,425	\$ 482,217
Specific activities	223,407	196,712
	\$ 671,832	\$ 678,929

DR. GEORGES-L.-DUMONT HOSPITAL FOUNDATION INC.

Notes to the Financial Statements

March 31, 2018

7. Financial instruments

The Foundation is exposed to various risks through its financial instruments.

Interest rate risk

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk. The Foundation is exposed to this type of risk as a result of investments in bonds.

Credit risk

The Foundation is exposed to credit risk with respect with accounts receivable. The Foundation assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive.

Other price risk

Other price risk associated with investments in shares is the risk that their fair value will fluctuate because of changes in market prices.